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Pacific area

PACIFIC SECURITY

A Report
of the Policy Study Committee
of the
INSTITUTE OF PACIFIC RELATIONS OF HAWAII
2014 University Avenue
Honolulu 14, Hawaii

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This report on Pacific Security has been prepared to give members of this community in particular a brief introduction to some of the major issues affecting the development of a strong security system in the Pacific. In view of the August, 1952, meeting in Honolulu of the foreign ministers of Australia, New Zealand and the United States, we think this report will be of interest to people in the Pacific area.

The Policy Study Committee of the Institute of Pacific Relations of Hawaii, which prepared this report, was appointed to provide brief reviews of problems affecting the United States. It is not the function of the Institute of Pacific Relations, as such, to indicate which of several policies might be adopted to resolve issues confronting us in Asia. A report of this kind summarizes the discussions of a group of Americans on security in the Pacific, no one of whom would necessarily subscribe to all of the views expressed.

We welcome comments on Pacific Security. The problem of security in the Pacific is a vital one in which all of us are deeply concerned. This report has been sent to individuals and institutions throughout the Pacific world in hopes that it will encourage critical discussion of the problems we face.

J. B. ATHERTON
President

August 1, 1952

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The Policy Study Committee of the Institute of Pacific Relations of Hawaii held three meetings on problems of Security in the Pacific. Robert Trent was Chairman and Melvin Conant, Secretary. Messrs. Hugh C. Tennent, Arthur Gaeth, Kenneth Lau, John Stalker, Neal Bowers, and John Wrenn were members of the Committee. The following notes indicate the course of the discussion.

PACIFIC SECURITY PACTS

The United States is seeking to construct in the Pacific Ocean area a parallel military security organization to the one established in Europe - the North Atlantic Treaty Organization. Our purpose is to create two fronts that will unite still free areas, improve living standards and protect them against inroads of Communism and possible aggression by the Soviet Union. One front is to be based on the industrial resources and military strength of Western Europe - the "front" which will continue to get priority --- and the other based primarily on Japan. To accomplish the mobilization and integration of Japanese resources into those of the free world, the United States led the way to the signing of a Japan peace treaty (September 8, 1951) in effect April 28, 1952. At the same time that the peace terms were negotiated, Australia, New Zealand and the Philippines urged that the United States conclude with them security pacts designed to insure them against Communist aggression and a possible resumption of Japanese military expansion. It is quite clear that the Pacific Dominions and the Philippines do not completely share American official views on the peaceful nature of Japan. (The situation is not unlike that in Western Europe where the general acknowledgement of the need of West German participation is tempered by a recurring suspicion of the extent to which Germans share the national ideals of the other allies.) This is important to note because it demonstrates that the Pacific world is a divided one.

Three separate pacts have been completed between the United States and Pacific nations.

(1). In the North Pacific, the United States-Japan Security Treaty providing for the disposition of the United States land, sea and air forces in and about Japan, signed September 8, 1951, is supplemented by an Administrative Agreement which covers in detail such items as arrangements for the use of facilities, costs, troop control, etc.

(2). In the Western Pacific, the U.S. agreements with the Philippines providing for American use of bases and the stationing of troops, and an over-all treaty of mutual defense (August 1951) form the pattern of pacts relating to military security. The trusteeship agreement between the United Nations and the United States giving the

latter sole administering authority over the former mandated islands gives American power control over the Pacific islands from Hawaii to the Philippines.

(3). In the South Pacific, Australia and New Zealand have, with the United States, developed their own security pattern under a tripartite treaty signed July, 1951. The signing of this treaty emphasizes the changed power structure in the Pacific; no longer can the Royal Navy protect the Pacific dominions.

Of the island areas of the Pacific only the significant one of Indonesia remains outside any formal or informal security arrangement.

From the American point of view, the key military agreement is the one covering relations with Japan in the North Pacific. The line extending from Okinawa through the Japanese islands, bending across to Alaska and Canada is the primary defense arc of the United States. Formosa and the Philippines begin the second, subsidiary, arc rimming Southeast Asia and ending in Singapore and Malaya. Australia and New Zealand may be regarded as "backstopping" the Southeast Asia line, providing at the same time a relatively secure base of operations linked by a chain of islands with American power in the Central Pacific.

The extent to which the United States will be able to translate these paper pacts into strong alliances depends on the productivity of the U. S. in particular, the speed of its rearmament, the priority given European defense needs and, above all, on the extent to which the economic problems facing Pacific nations can be resolved. No military union can exist in the area without a firm economic foundation, and that foundation cannot be laid without economic cooperation amongst the Pacific nations. Nothing has been really accomplished by the signing of the military pacts unless there is established a genuine identity of national interests among the signatories. The key problem with which we are faced is the economic problem of Japan. The ramifications of this critical problem are found throughout all phases of Japanese political life as well as in the current policies of all Pacific nations. Unless means are found by which the Japan problem can be resolved, the question of military security in the Pacific is academic. Australia, New Zealand, the Philippines, and other countries in Southeast Asia fear again a Japan, faced with a worsening economic situation, turning to leadership she had in the 'thirties and embarking on an expansionist, military program. The rapid "de-purging" and re-appearance of Japanese leaders responsible for the inter-war policies of Japan give substance to their concern. The extreme demands reportedly made by Japanese on Korean negotiators recently can only serve to heighten that concern.

KEY PACIFIC PROBLEM: JAPAN

Briefly, the problem of Japan is one posed by her population. "Since their defeat in war in 1945, the population of Japan has grown by ten per cent to nearly 85 million and is expected to reach

The first of these is the fact that the present system of taxation is not only unfair but also inefficient. It is unfair because it places a heavy burden on the shoulders of the poor and the middle class, while the rich escape payment of any tax at all. It is inefficient because it does not encourage the production of goods and services, which is the only way in which a country can become rich and powerful.

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90 million in 1955. Japan has thus 30 per cent more people than in the period 1930-34 against the vastly diminished territory and resources caused by the loss of Korea, Formosa, Manchuria and other islands." (Eastern Economist, April 25, 1952.) The Japanese economy must continue to expand to give employment and better living standards to the growing population. Recently, general industrial activity was 50% above the 1932-36 levels. While this expansion is encouraging, it was made possible in good part by American economic aid and "special procurement orders" for Korea. An armistice in Korea would be a significant, immediate blow at the Japanese economy. Early in 1952, according to the Economic Stabilization Board, Japan's balance of trade was considered favorable by \$90 million. Now, six months later, it is expected to be unfavorable by \$80 million --- a shift of \$170 million in less than a year. (The Japanese problem of overseas markets is not, of course, simply one of areas closed to Japanese trade. Japanese costs are apparently high and problems of the quality of Japanese goods create additional barriers to foreign trade.) Before 1941, Japan's natural trading area was Manchuria, Korea, North China, and Formosa. About fifty per cent of Japanese imports and exports were concerned with these countries. The Japanese economic problem today is aggravated by their loss and the failure of any other market area of comparable significance to develop.

OVERSEAS MARKETS

There can be little question but that, aside from mainland North Asia, the best area for Japanese economic expansion is in Southeast Asia.* Southeast Asia, with its demands for capital and consumer goods, its raw materials and (Thai) rice surplus, offers a possible partial solution to the Japanese economic problem. It would seem that Japan should be encouraged to develop trading outlets there in the interest of the over-all structure of Pacific security. Japan herself has shown keen interest in these trade possibilities, especially in Thailand, Malaya, Indonesia, and India. A Southeast Asia Development Promotion Liaison Council has been formed in Japan.

Until recently Japan has been given little encouragement by Pacific nations to expand in that direction. Australia and New Zealand, while without direct economic interests in the Southeast Asia region, do share a dominant fear of Japanese entrenched along their key northern sea frontier. The Philippines, while likely to benefit from trade with Japan, similarly distrust Japan --- to the extent that the general Peace Treaty has yet to be ratified by them. British trade interest in Southeast Asia and India is enormous and has sought to exclude Japanese trade development (through the non-convertibility of large sterling reserves and Japanese non-inclusion in the Colombo Plan). Australia and New Zealand are not in the best position to encourage such a development given their close, preferential ties to the British home market. The very recent visit to Japan of Malcom MacDonald, Commissioner-General for Britain in Southeast Asia, has raised hopes that Japan may yet

* There may also be important trade possibilities in South America.

become part of the Colombo Plan and have opened to her the great market of Southern Asia. Her inclusion into the plans for the area would be a far-sighted policy for the free world to adopt.

If Japan does not find adequate markets in that area she will turn inevitably and irrevocably to mainland, Communist-dominated North Asia. Although Japan might be able to acquire significant amounts of raw materials from there it is doubtful if her vast needs could be supplied in full. China is believed to have only 100,000 tons of iron ore to trade with Japan where she had 3,300,000 tons before World War II. Japan used to get 1,800,000 tons of coking coal from China whereas she can now get only 500,000. With respect to soybeans, Japan is getting 300,000 tons from China ---she used to get 600,000 tons. China is being drawn more tightly into the Communist orbit; her surplus is going to the Soviet Union and behind the Iron Curtain. Yet, the Chinese and Russians have given sufficient indications of their desire to get Japanese goods and supply her with raw materials to arouse the interest of a number of Japanese. The details of the barter agreement negotiated in Peiping between Red China's International Trade Promotion Committee and three unofficial Japanese visitors are illuminating. (New York Times, June 3, 1952.) While the Japanese Government has disavowed the treaty its terms make excellent propaganda and will not be unattractive to the Japanese businessmen faced with cut-backs owing to lack of markets overseas. The goods which the Japanese and Chinese "agreed" to exchange are:

Category A - (From China): Coal, soybeans, iron ore, hog bristles
(From Japan): Copper, steel sheets, steel materials, steel pipe, structural steel, railway steel, iron plate, zinc plate, iron plate for oil drums, aluminum ingots.

Category B- (From China): Salt, various kinds of beans, peanuts, tung oil, alum fluorspar, sesame seeds, leathers, asbestos, cotton, sheep wool.
(From Japan): Textile machinery and parts, steamships (cold-storage vessels), small locomotives, insecticides, soda, cranes, radio materials, trucks, telecommunications equipment, sulphur drugs.

Category C - (From China): Cotton seed, coke, pigskins, gall nuts, lacquer, cotton waste, graphite, gypsum.
(From Japan): Agricultural machinery, bicycles, automobile parts, typewriters, calculators, microscopes, survey equipment, ball bearings, surgical equipment, fertilizers, soda, rayon, cotton yarn dye-stuffs, photographic material, laboratory instruments, paper, wire records, microphones.

With respect to the problem of military security in the Pacific, if the Japanese economy cannot expand sufficiently off the mainland into Southeast Asia, Japan is going to trade with areas now Communist-dominated. A Japan dependent on Communist-controlled markets will not be a Japan on which any significant reliance may be put by the free world. Japan's problem, then, is the crucial problem of the Pacific world.

AUSTRALIA AND NEW ZEALAND: PROBLEM OF IMMIGRATION POLICY

The problem of Japan, while uppermost, is not the only issue confronting Pacific nations. If a Pacific security pact is to be established with free Asians participating, the problem posed by Australian and New Zealand immigration policy must be met. The background of this policy is economic, military, and racial. Economically, the goal of a high standard of living for Australian workers would be hard if not impossible to achieve if large numbers of Asians were permitted to settle. While Australia is a land of considerable wealth much of it has yet to be opened up and developed. Militarily, Australia would feel weaker as a nation if a sizable Asian minority were in their midst. Racially, Australia seeks immigrants of British stock or from Western Europe. The problem which this policy poses to those interested in Pacific security is that there is called up a strong, natural Asian reaction to the implication of this policy. Their sensitiveness has not been assuaged by the tendency of Australian leaders to state the policy in un-diplomatic terms. It would seem that a re-phrasing of that policy is in order if Asians are to be attracted into a Pacific security plan in which Australia and New Zealand play a role. This is not unrecognized by Commonwealth leaders who have in recent years traveled through Southeast Asia. It remains an important problem, however, for Australia, New Zealand and the United States as well. There may be sections of the "McCarran" immigration bill which will in effect remove some Asian resentment at American policy towards oriental immigration.

FORMOSA AND NEW GUINEA

Formosa remains a problem because the policies of Pacific nations vary widely with respect to the island regime. The United States policy that Formosa is an essential military base deserving of extensive support is at variance with Japanese, Australian, New Zealand and British views. While it is not a problem of immediate consequence it will certainly become one if free Asians, other than the Filipinos, are included in a Pacific pact. Of more importance today is the conflict between Indonesia, Holland and Australia over New Guinea. Indonesian belief that New Guinea is a proper part of her island chain runs counter to Australian views on her military security. The Dutch oppose Indonesian control as it, if successful, would stamp "finis" on the empire they once held. The issue is a serious one and may yet break out in war. This "Irian" question is potentially highly explosive ---

all the more so since it has become a political issue within Indonesia. It is a divisive factor in the search for security and stability in the South Pacific.

THE PHILIPPINES

Philippine and Indonesian refusal to ratify the Japan Peace Treaty is but another barrier to the cooperation of Pacific nations. The Filipinos resent what they believe is a policy of "forgive and forget" on the part of the United States towards Japan with little recognition of the appalling desolation visited on the Philippines during the last war. The issue of reparations is still a dominant one in Philippine politics. However much some businessmen may desire the development of a Japan trade, it is politically suicide to advocate it. The United States had hoped the conclusion of a separate security treaty with the Philippines at the time of the Japan treaty negotiations would be the formula to put relations between the Philippines and the government of Japan on a formal if not necessarily amicable basis. It now seems clear that some way must be found to give concrete monetary recognition to what the Philippines regard as a national issue.

SOUTHEAST ASIA: MALAYA AND INDOCHINA

Malaya and Indochina are of continuing concern to Pacific nations. The rubber and tin from the peninsula are of vital importance to the rearmament programs of the free world. Indochina is the major bulwark against Communist invasion. Communist control over this area would threaten Australia, New Zealand and the Philippines, deprive us of tropical resources and effectively split the Pacific world from India and the Middle East.

The energetic leadership of General Templer in Malaya appears to have improved the situation there. Communist activity has tapered off with increasing numbers of "bandits" surrendering to British forces. Indochina remains the critical country with no indication that French arms (supplied largely from the United States) will exterminate the Communist-led Vietminh. In fact, an indication of the seriousness of the French position comes with the general realization that the fate of Indochina may rest more with the Chinese and the possibility of their invading than with anything the West may be able to do in the fragmented sections of Indochina they now control. Should the Chinese decide to do nothing in the immediate future (and pressure on their armies in Korea may force that decision on them) Indochina will not deteriorate further. But if positive action is taken by the Chinese with a full-scale assault, all of Southeast Asia might fall.

None of the Pacific nations, with the partial exception of Indonesia, have differed significantly over present policies in Malaya and Indochina. There is general agreement that Southeast Asia is important

and that Communist campaigns in the area must be brought under control as rapidly as possible. The United States will continue to play a determining role since it alone can provide the military support needed to maintain French positions in Indochina today. If the Chinese decide to war openly in Indochina the nations of the Pacific world will have to decide on the most effective joint policies to attempt to keep the most valuable parts of Southeast Asia free from Communist control. It would be wise for the Pacific nations to give consideration now to the attitudes they will take in the event of a Chinese move.

INDONESIA

Indonesia is a key sector of that defense arc which begins with Formosa and the Philippines and ends with Singapore and Malaya. As long as Indonesians remain outside of any formal or informal security arrangement, that defense arc will be incomplete. At present, Indonesia has given every indication of her unwillingness to participate in any such arrangement. Her attitude is affected by two major factors: nationalism, and her "independent" position on the three questions of the disposition of New Guinea, recognition of Red China, and relations with Japan. Indonesian determination to follow a so-called "independent" course does not make it likely that anything other Pacific nations can do will persuade Indonesia that her security rests more on the strength of her neighbors than it does on her own. The visit of President Quirino of the Philippines to Indonesia, returning a visit of Sukarno to Manila, may be the beginning to closer ties between the two countries. Indonesian views that the Philippines lost their independence in aligning with other nations in the Pacific may become tempered as a result of discussions. It would seem likely that if Indonesia is ever to associate herself with other Pacific countries that association will first take the form of an Indonesian-Philippine grouping. There seems to be no likelihood of an early decision along these lines, yet the importance of Indonesia, a free Asian nation, adhering to some Pacific security pact makes it imperative that everything possible be done to convince Indonesians their own interests would be served best in such an association.

The problems of the Philippines, New Guinea, Formosa, Malaya, Indochina, Indonesia, and the immigration policy of the Commonwealth Pacific nations all weaken the framework of Pacific security. They are not all the problems Pacific nations face; they are indicative of the range of problems to be met. They are definitely subordinate problems compared to the key one of Japan.

A PACIFIC SECURITY COUNCIL

From the discussions on Pacific security held by the I.P.R. Committee several dominant thoughts emerged. The problem of Pacific security cannot be considered a military problem alone; grave economic issues must be met before military cooperation can be achieved in any meaningful sense. Nor can security be created by dividing the Pacific Ocean into defense pacts. Each part of the Pacific, North, West and South, is closely related. Events may bring about an all-Pacific Security Council to provide for over-all planning and adjustment of policies to meet economic and military problems, but at this stage it is more likely that consultative machinery will be created for the channeling of efforts seeking peaceful achievement of friendly relations amongst the associated Pacific countries.

The United States is the backbone of Pacific security. Alone of all Pacific nations it has formal military relations with all Pacific powers (Indonesia excepted). Alone of all Pacific nations it possesses mobile military strength; it is by far the major air and sea power. But Pacific security cannot be achieved by the United States alone; Australia, New Zealand, the Philippines, Canada, and Japan must be in close and constant touch. Today, no administrative machinery exists which calls these nations together periodically to discuss issues of general concern. The rapidity with which Communist nations move, exemplified by the attack on Korea, makes it important that consultative machinery be set up ready to mobilize the resources of Pacific nations in the shortest possible length of time.

While economic problems facing Pacific nations are of fundamental importance, it is possible that these nations will find it easier to cooperate first on military matters. Recent experience with NATO (North Atlantic Treaty Organization) has shown that nations, unable or unwilling to discuss constructively their common economic problems, are willing to discuss military cooperation and can act effectively on that level. NATO experience has further shown that the exigencies of military preparedness force nations to consider each other's economic weaknesses. This may indicate that while Pacific nations have so far been unable to discuss economic issues per se, they may be forced to discuss them through the economic demands a military alliance creates.

It is possible that a Pacific Council, operating within the United Nations and in full cooperation with its aims, might in time provide the essential requirement of an instrument to implement and make effective present (and future) arrangements for security in the Pacific.

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